

June 8, 2012

The Honorable Thomas W. Corbett  
Governor  
Governor's Office  
225 Main Capitol Building  
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

I am writing to you today to request some information regarding the proposed 66 million dollar per year tax credit to be given to Shell Oil Company for the development of the ethane cracking plant near Monaca.

The first I (and a number of my colleagues to whom I have spoken) heard of this was when we read a news story about in Capitolwire. We received no advanced briefing and have still not had the opportunity to pose questions to you or your representatives about the specifics of the proposal.

Speaking for myself, I would like to be helpful. As a general matter, I support the concept of using the tools of government to promote economic development. In the past I have even supported using tax credits to spur economic growth. However, the dearth of information available to me, coupled with the sheer size and magnitude of the proposed tax break, does cause me, and I believe many others, to have a number of questions we'd like answers to.

Normally, I would wait until the hearing process unfolded and briefings were scheduled. However, since there is some talk that this deal will be voted on by the legislature as part of the current budget package, I fear that if I am not proactive in seeking information, I will find myself in a position of having to vote yes or no without a sufficient understanding of this complicated matter.

Thus, in a sincere effort to understand this issue in the fullness of its complexity, I am asking your administration to provide answers to the following questions.

1. You had previously announced the building of this plant, but did not mention this huge tax credit. Did Shell agree to build the plant without the this tax credit?
2. Was the deal negotiated concurrently with Shell's decision to build the plant? If so, why was this deal not revealed to legislators and the public at that time?
3. If not, why would we open negotiations after Shell had already agreed to build here?
4. Where did the numbers 66 million dollars and 25 years come from? Were there specific offers from other states? What were they?
5. What is the value of the KOZ which was already a separate sweetener offered to Shell?

6. I assume Shell is building this facility because it expects to make a substantial profit out of it. Given that this will net Shell a profit and we've already given them a KOZ tax break, and given that Shell is the second most profitable company on the planet, why is it necessary to give them an additional 1.7 billion dollars of Pennsylvania taxpayer's dollars?

7. What guarantees did Shell provide regarding how many jobs will be created and what penalties are built into the deal should the promised job targets not be met?

8. Is there anything in the deal which prohibits Shell from coming back at a later date and saying "we need even more state money or we're heading to another state"?

9. How much money, counting both the tax credit and the KOZ is each job created costing us?

10. Are there other places we could spend the same amount of money and get more jobs?

11. The number 15,000 has been bandied about as the number of jobs that will be created. Are all of these jobs expected to be created by Shell or are some of them expected to be created collaterally by others? If so, please break down how many jobs are expected to be created by Shell specifically, over what period of time.

12. Are all of the jobs expected to be created in Pennsylvania, employing Pennsylvania workers?

13. What is the criteria by which a deal such as this will be negotiated in the future? For example, if I come to your administration with a company that offers to come to Pennsylvania and create 25% of the jobs that Shell ultimately promises, can I get a tax credit for that company worth 25% of Shell's deal?

14. If there is no such objective criteria, then why did Shell get a tax credit not available to others?

15. We've heard from people both in the administration and in the legislature that spending money for economic development was not correct because we should have a "free market" and "the government should not pick winners and losers". Does this represent a change in philosophy on the part of the administration, or is this just a one-time aberrant situation?

16. There is a story today that the site of the proposed Shell plant is currently owned by Horsehead Corporation who operated a zinc smelting operation there. The story in Capitolwire says that this site is actually a toxic waste dump, and that your administration has agreed to pay the cost of site clean-up. Is this true and if so, what is the estimated cost of that clean-up. Further, wouldn't it make more sense for the company that caused the pollution to pay for the costs of cleaning it up, rather than the taxpayers?

I am aware that some of these questions require specific and detailed information. However, I assume that all such information is readily available, having been developed during the course of negotiating this deal.

I can assure you that I will forward the information you provide in response to this letter to all of my legislative colleagues in exactly the form you provide it, without editorial comment. I do reserve the right to express an opinion on the information provided prior to a vote on any actual legislation.

Thank you for providing this critical information to me and to the people of Pennsylvania. I look forward to working with you on this important issue.

Very Truly Yours,

Senator Daylin B. Leach  
17<sup>th</sup> Senatorial District